

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY VIENNA

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FOR UNIDO

FOL TEL SENT SECSTATE INFO USUN NY FROM GENEVA JUNE 12 TH:

QUOTE: GENEVA 2817

E. O.11652 NA

TAGS EAID, UNDP

SUBJ UNDP 16 TH GC - AGENDA ITEM 8 B

1. AGENDA ITEM 8 B OCCUPIED BUDGETARY AND FINANCE COMMITTEE (BFC) FOR WHOLE DAY ON THURSDAY AND PART OF LONG FRIDAY AFTERNOON SESSION. ADMINISTRATOR PETERSON, DEP. ADMINISTRATOR LINDSTROM AND ASST. ADMINISTRATOR OLVER ALL SPOKE AT SOME LENGTH IN PRESENTING JUSTIFICATIONS FOR ADMINISTRATION BUDGET REQUEST LEVELS. OLVER' S REMARKS WERE KEYED TO ACABQ REPORT ON 1974 UNDP ADMIN. BUDGET REQUEST. HE EXPRESSED HOPE THAT HIS YEAR WILL BE FIRST " HARVEST" YEAR OF CHANGES AND MODIFICATIONS OF UNDP STRUCTURE ACCOMPLISHED DURING PAST TWO YEARS. HE ALSO STATED THE ACABQ COMMENTS IN PARA 15 DP/ L.287 ARE OFF THE MARK. COORDINATION HAS NOT SO FAR BEEN EFFECTIVE BETWEEN UNDP AND THE ECONOMIC COMMISSIONS AND THE INITIATIVE IN AFRICA IS AN EFFORT TO SOLVE THE MOST DIFFICULT PROBLEM IN THIS RESPECT. BOTH OLVER AND PETERSON EMPHASIZED THAT UPGRADING OF STEDMAN POST IS ONLY ONE PHASE OF CONCERTED EFFORT TO ASSURE SUCCESS. PETERSON CHARACTERIZED STEDMAN AS UNCLASSIFIED

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" MOST RESOURCEFUL MAN IN ORGANIZATION." ONLY THE SOVIETS AND FRENCH OPPOSED UPGRADING OF THE ADDISRES REP OFFICE WITH MINOR RESERVATIONS OR QUESTIONS ADVANCED BY TWO OR THREE OTHER DELEGATES. A RESOUNDING MAJORITY OF OPINION VERY STRONGLY IN

FAVOR OF THE UPGRADING. US ENDORSED.

2. WITH RESPECT TO UPGRADING OF GENEVA OFFICE, THERE WAS NO DIRECT OPPOSITION ALTHOUGH BULGARIANS AND POLES COMPLAINED THAT THE MOVE SHOULD HAVE BEEN DISCUSSED IN ADVANCE WITH EUROPEAN GOVERNMENTS INVOLVED AND FINNS WONDERED WHETHER PROJECTS IN ICELAND WOULD BE UNDER CONTROL OF GENEVA OFFICE OR OF HEADQUARTERS NOW THAT COPENHAGEN OFFICE OF UNDP CLOSED. ADMINISTRATION REPLIED HEADQUARTERS WOULD MANAGE ICELAND PROJECTS.

3. PARAGRAPH 13 OF ACABQ REPORT DREW SUBSTANTIAL DISCUSSION. PETERSON STATED FLATLY THAT PRESENT UNDP APPARATUS NOT EXCESSIVE FOR PRESENT PROGRAM SIZE AND THAT AS PROGRAM GROWS TOWARD \$500 MILLION TARGET IT WILL BE NECESSARY TO INCREASE UNDP STAFF. SEVERAL DELEGATIONS NOTED THAT THEY HAD SHARED ACABQ ILLUSION THAT CHANGES OF POST TWO YEARS WERE INCREASING NOT ONLY EFFECTIVENESS OF UNDP BUT ALSO ITS CAPACITY. US DEL EXPRESSED HOPE THAT FUTURE STAFF INCREASES AND OTHER COST ELEMENTS COULD BE AT SUBSTANTIALLY LOWER RATE THAN RATE OF INCREASE IN PROGRAM. ALMOST EVERY SPEAKER REITERATED US POINT THAT ADMINISTRATIVE COSTS AS PERCENT OF EITHER PROJECT EXPENDITURES OR OF TOTAL PROGRAM EXPENDITURES HAVE RISEN IN LAST TWO YEARS AND THAT RISE IS PROJECTED BY UNDP TO CONTINUE.

4. SEVERAL DELEGATIONS ALSO CRITICIZED THE MERGER OF EXTERNAL RELATIONS AND PUBLIC INFORMATION INTO A NEW OFFICE WITH INCREASED COSTS. AUSTRALIANS QUESTIONED USEFULNESS OF ANY EXPENDITURE ON EXTERNAL RELATIONS VIS- A- VIS DONORS AND SEVERAL SPEAKERS ECHOED THE ACABQ OPINION THAT ADQUATE INFORMATION ON UNDP DEVELOPMENT ACTIVITIES IS AVAILABLE FROM A VARIETY OF OTHER UN SOURCES. ADMINISTRATION HOWEVER STICKING BY ITS GUNS ON ESSENTIAL CHARACTER OF THIS OFFICE. LINDSTROM ANNOUNCED THAT AROUND MID 1974 THE UNITED NATIONS VOLUNTEERS WILL TAKE OVER FROM THE INTERNATIONAL SECRETARIAT FOR VOLUNTEER SERVICES (ISVS), THE RECRUITMENT OF VOLUNTEERS FOR ITS PROGRAM. THIS CHANGE WILL RESULT IN A REDUCTION OF APPROXIMATELY \$60,000 IN THE ESTIMATES ON PAGE 86 OF DP/ L.276. THE LINE " CLEARINGHOUSE, GENEVA" HAS BEEN UNCLASSIFIED

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AMENDED TO " RECRUITMENT." THIS MEANS, INCIDENTALLY, THAT ISVS WILL ONLY RECEIVE SOME \$35-45,000 FROM UNV IN 1974 AND NOTHING THEREAFTER FOR RECRUITMENT. US DEL WILL EXPRESS VIEW ON VOLUNTEERS IN PLENARY AND MADE NO INTERVENTION IN BFC ON THIS POINT.

4. PARAGRAPH 22 OF ACABQ REPORT, WHICH SUGGESTS GC CONSIDER SUBJECTING UNFPA ADMIN. BUDGET REQUESTS TO ACABQ SCRUTINY, MET WITH VERY NEGATIVE REACTION FROM ADMINISTRATION. IN GENERAL, DELEGATES TOOK VIEW THAT MATTER MIGHT BE CONSIDERED AT LATER DATE BUT THAT, AT PRESENT, REVIEW BY GC IS SUFFICIENT AND THAT INSERTING ACABQ INTO PROCESS WOULD ONLY COMPLICATE MATTERS AND ADD APPRECIABLY TO BURDEN OF PREPARATION AND DOCUMENTATION. SEDEN FELD ACABQ SHOULD COMMENT ON UNFPA BUDGET BUT AGREED THAT IT

IS PERHAPS NOT YET TIME TO INSTITUTE SUCH A PROCEDURE. AUSTRALIA ALSO FAVORED REVIEW BY ACABQ AS DID FRANCE, SWITZERLAND AND CANADA WITH VARYING DEGREES OF FIRMNESS.

6. THE ACABQ SUGGESTION THAT A BIENNIAL BUDGET CYCLE BY CONSIDERED ALSO DREW A GENERALLY NEGATIVE RESPONSE. THE ADMINISTRATOR SUGGESTED UNDP WAS MORE OF A BUSINESS- LIKE ORGANIZATION THAN MOST OTHER UN SYSTEM ENTITIES AND THAT ANNUAL BUDGETING SEEMS MORE DESIRABLE. THIS POSITION DREW SUPPORT FROM MOST DELEGATES ALTHOUGH THE DUTCH FAVORED THE IDEA OF BIENNIAL BUDGETS. SEVERAL DELEGATIONS ALTHOUGH NOT WILLING TO HAVE TWO YEAR CYCLE ADOPTED NOW THOUGHT IDEA MERITED FURTHER DISCUSSION AND ADMINISTRATION WILL BE ASKED TO STUDY MATTER AND REPORT TO GC.

7. UNDP' S PROJECT EXECUTION DIVISION WAS SUBJECT OF MANY QUESTIONS AND FAIRLY EXTENDED DISCUSSIONS. ALMOST ALL DELEGATES WHO SPOKE ON SUBJECT EXPRESSED GENERAL FAVOR FOR CONCEPT BUT CONSIDERABLE UNCERTAINTY ABOUT HOW IT DOES AND WILL FUNCTION. OLVER EXPLAINED SUITABLE PROJECTS WILL BE IDENTIFIED BY REGIONAL BUREAUS AND DEPUTY ADMINISTRATOR (PROGRAM) PATEL. ADMINISTRATOR MUST THEN APPROVE PROJECT AND INTERESTED AGENCIES WILL BE INFORMED UNDP IS TO EXECUTE PROJECT. COSTS TO COME FROM GENERAL ACCOUNT FOR AGENCY OVERHEAD COSTS. AT PRESENT TWO OFFICERS AND ONE SECRETARY ARE ENTIRE STAFF OF DIVISION BUT IT MAY GROW TO SIX OR SEVEN PEOPLE BY YEAR END. SO FAR ONLY VERY SMALL PROJECTS HANDLED BUT THIS YEAR DIVISION WILL BEGIN A FEW LARGER SCALE PROJECTS COSTING \$5 TO 8 MILLION OVER NEXT TWO YEAR PERIOD. ALTHOUGH NOT EXPLICITLY STATED, ONE GETS IMPRESSION
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ADMINISTRATION MAY HOPE TO SEE PROJECT EXECUTION DIVISION GROW IN CAPABILITY TO POINT WHERE IT OFFERS ALTERNATIVE TO REGULAR EXECUTING AGENCIES ACROSS WIDE RANGE OF PROJECT TYPES. ALL EXECUTION WILL BE BY CONTRACTS WITH NO ACTUAL PROJECT WORK BY DIVISION STAFF.

8. THERE WERE GENERALLY FAVORABLE COMMENTS ON THE FORMAT OF THE BUDGET PRESENTATION AND A NUMBER OF CONGRATULATORY COMMENTS ON THOROUGHNESS OF PREPARATION. DUTCH, BRAZILIANS AND INDIANS RAISED QUESTIONS ON SUCH MATTERS AS CENTRALIZATION VS. DECENTRALIZATION, RELATIONSHIP OF BUREAU HEADS TO ADMINISTRATOR AND THEIR ROLE IN POLICY. SEVERAL DELEGATIONS SPOKE STRONGLY FOR DECENTRALIZATION AND STRONGER RES REP ROLE. BRAZIL SUGGESTED ADMINISTRATION SOMETIMES GIVES IMPRESSION IT FEELS HAMPERED BY DECISIONS TAKEN IN CONSENSUS AND URGED THAT OF THAT IS THE CASE THE PROBLEMS SHOULD BE AIRED. NORWAY NOTED THAT ESTABLISHMENT OF REGIONAL BUREAUS HAD NOT BEEN INTENDED TO CREATE FOUR SEPARATE UNDP' S. NETHERLANDS ASKED SPECIFICALLY WHETHER NEW ASSISTANT ADMINISTRATOR AS PATEL' S DEPTY WOULD HAVE PURELY STAFF RESPONSIBILITIES OR WOULD EXERCISE A LINE FUNCTION BETWEEN ADMINISTRATOR AND BUREAU HEADS IN PATEL' S ABSENCE. ADMINISTRATION REPLIED THAT NEW ASST. ADMINISTRATOR PURELY STAFF OFFICER.

OLVER RESPONDED TO BRAZIL QUESTION BY SAYING ADMINISTRATION ONLY SEEKING MOST EFFICIENT WAY TO OPERATE WITHOUT THWARTING CONSENSUS DESIRE TO HAVE FOUR BUREAUS. BUREAU HEADS HAVE UNOBSTRUCTED ACCESS TO PETERSON HE NOTED.

9. NIGERIA RAISED QUESTION WHETHER ADMINISTRATOR AWARE OF UNIDO (IDB) PROPOSAL TO RAISE NUMBER INDUSTRIAL DEVELOPMENT FIELD ADVISORS (IDFA) FROM 30 TO 40 IN 1974, SINCE BUDGET EXPLICITLY STATES NO INCREASE IN NUMBER CONTEMPLATED IN 1974. AUSTRALIA NOTED QUESTION UNDER DISCUSSION BY ADMINISTRATOR AND UNIDO EXECUTIVE DIRECTOR WITH REPORT DUE AT 17 TH GC AND S OULD NOT CONCERN THIS SESSION. INDIA AGREED BUT FELT OMMISSION OF BUDGET IROVISION FOR ANS INCREASE IN NUMBER IDFA' S SHOULD BE SPECIFICALLY BE NOTED BY BFC AS WITHOUT PREJUDICE TO FINAL DEVISION TO BE MADE AT 17 TH GC OR LATER. MALAYSIA THEN OFFERED WORDING FOR BFC REPORT WHICH WOULD HAVE BUDGET ESTIMATE FOR IDFA' S APPROVED PROVISIONALLY
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PENDING APPROVAL OF IDB RESOLUTION BY ECOSOC AND GA, CANADA OBJECTED SRONGLY THAT THIS WOULD PREJUDGE OUTCIME OF UNDP- UNIDO DISCUSSIONS. AUSTRALIA ADDED THAT GC SHOULD DO NOTHING TO FORE- CLOSE ADMINISTRATOR' S OPTIONS. UK AND DUTCH SIDED WIT AUS- TRALIA. USDEL ENDORSED CANADIAN AND AUSTRALIAN OBJECTIONS AND POINTED OUT MATTER IS ULTIMATELY FOR GC TO DECIDE, NOT SOME OTHER OUTSIDE BODY. MALAYSIAN WORDINR CHANGED TO REFER TO " CONSIDERATION" BY ECOSOC AND GA RATHER THAN " AIPROVAL." MATTER NOT COMPLETELY RESOLVED BUT WE BELIEVE WORDING OF BFC REPORT CAN BE NEGOTIATED SO IT DOES NOT HAMPER ADMINISTRATOR' S LATITUDE IN DISCUSSIONS WITH UNIDO AND DOES NOT PUT GC STAMI OF APPROVAL ON IDB RESOLUTION.

10. OVERALL THERE WAS A SURPRISING DERREE OF ACCEPTANCE THAT ADMINISTRATION HAS DONE A RATHER GOOD JOB OF KEEPING ADMIN. COSTS WITHIN REASON. THERE WERE PERSISTENT COMPLAINTS ABOUT RISING FRACTION OF TOTAL COSTS FOR NON- PROJECT PURPOSES AND THERE WAS SNIPING AT PRINTING COSTS, PUDLIC INFORMATION AND EXTERNAL RELATIONS, NUMBER OF VEHICLES AND OTHER POINTS. BUT SUCH VARIED GC MEMBERS AS BRAZIL, UPPER VOLTA, INDIA, AND DENMARKED JOINED A WIDE MAJORITY IN SAYING THE 1974 BUDGET IS A GOOD JOB DESPITE MINOR FLAWS. BASSIN UNQUOTE PORTER

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